

Message Text

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PAGE 01 LA PAZ 04407 252204Z

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ACTION OPIC-06

INFO OCT-01 ARA-06 ISO-00 EB-07 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 INT-05 SSO-00 INRE-00

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O 252130Z JUN 75

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 7112

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E.O. 11652: N/A

TAGS: EINV, EMIN, BL

SUBJECT: MINA MATILDE

REF(A) STATE 143424 (B) GURR-WHITING TELECON

SUMMARY. FOLLOWING INFO OBTAINED FROM COMIBOL AND BANK OF AMERICA
BRANCH LA PAZ. DIFFICULT PROVIDE ANALYSIS THIS INFO IN
ABSENCE MINERALS OFFICER. BELIEVE DATA SUFFICIENTLY UNCERTAIN
THAT COMIBOL SHOULD BE ASKED EXTEND JUNE 30 DEADLINE. BANK
OF AMERICA BRANCH MANAGER INDICATES WILLINGNESS MAKE
REQUEST. END SUMMARY.

1. COMIBOL PLACES MINA MATILDE RESERVE (TERM UNDEFINED) AT
1,625,206 M.T. AVERAGING 12.09 PERCENT ZINC (OR 196,450 M.T.
FINE ZINC AND 1.34 PERCENT LEAD -- OR 21,828 M.T. FINE LEAD).
COMIBOL ESTIMATES THAT 20 PERCENT WILL HAVE TO BE LEFT IN
SUPPORTING PILLARS AND BRIDGES, ANOTHER 28 PERCENT ARE
LOW GRADE MINERAL AND TAILINGS AND THAT FURTHER 30 PERCENT ARE
BELOW LEVEL 325 WHICH WOULD REQUIRE ACCELERATION OF INSTALLATIONS
IN ENRIQUE, GUILLERMO AND MARAVILLAS SHAFTS. CURRENT PRODUCTION
IS FROM REMAINING 22 PERCENT AND AT RATE OF 23,000 M.T.
PER MONTH (ROUGHLY) 2,780 M.T. FINE ZINC PER MONTH IF AVERAGE GRADE
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PAGE 02 LA PAZ 04407 252204Z

IS USED) LIFE OF MINE FROM THIS 22 PERCENT WOULD BE 15

MONTHS. IF 80 PERCENT OF CURRENTLY KNOWN RESERVES (LEAVING 20 PERCENT FOR MINE SUPPORT) LIFE OF MINE WOULD BE 4 YEARS AND 8.5 MONTHS. (COMMENT: THESE SHORT RESERVE SITUATIONS NOT UNUSUAL IN BOLIVIAN MINING. STATEMENT OPIC HAS RECEIVED THAT MINE OPERATING AT 50 PERCENT OR 60 PERCENT OF CAPACITY IS REASONABLY ACCURATE. BUT THAT OR WORSE HAS BEEN CASE SINCE NATIONALIZATION.)

2. TO INCREASE RESERVES COMIBOL STATES GEOLOGICAL AND GEOPHYSICAL STUDIES ARE BEING CARRIED OUT TAKING BORE SAMPLES IN "EXCELLENT VEINS" IN AREAS (KARWANI, AURORA, SANTA ROSA, GLORA) BORDERING MAIN STRUCTURE. TWO COMIBOL GEOLOGICAL TEAMS CARRYING OUT THESE STUDIES. COMIBOL PROPOSES DRILL SAMPLES IN CENTRAL ZONE BETWEEN MATILDE AND MARAVILLAS VEINS TO DEPTH 1,300 METERS. ACCORDING COMIBOL, LITHOGRAPHIC CONDITIONS INDICATE POSSIBILITY THAT AT DEEPER LEVELS SINGLE STRUCTURE WILL BE FOUND FOR ENTIRE LENGTH MATILDE AND MARAVILLAS VIENS AND IN ZONE BETWEEN THEM AND THAT IT ALREADY HAS BEEN ESTABLISHED THAT MINERALIZATION CONTINUES TO LOWER LEVELS IN AREA OF THESE TWO VEINS.

3. TO INCREASE PRODUCTION IN IMMEDIATE FUTURE COMIBOL STATES IT ALREADY IS SINKING GUILLERMO SHAFT BELOW LEVEL 325 AND PLANS TO CONTINUE TO LEVEL 400 FOR NEW ACCESS TO MATILDE VEIN. PREPARATIONS ALSO UNDERWAY TO GAIN ACCESS TO MATILDE VEIN FROM ENRIQUE SHAFT AT LEVEL 400. COMIBOL PLANS INCREASE PACE OF REHABILITATION AND RESHAPING OF SANTA BARBARA SHAFT TO LEVEL 465 WHICH WILL IMPROVE ACCESS, VENTILATION AND DRAINAGE IN MINE. VENTILATION SHAFT ALREADY HAS BEEN OPENED AND WINCHES ORDERED FOR PROVIDING GREATER ACCESS. WE HAD EARLIER LEARNED FROM COMIBOL THAT IT ANTICIPATES SPENDING US \$600,000 ON SHAFT SINKING AT MINA MATILDE TO PROVIDE BETTER ACCESS AT DEEPER LEVELS. THIS WORK IS TO BE COMPLETED BY NOVEMBER, 1975.

4. BANK OF AMERICA OFFICIALS STATE PRODUCTION HAS BEEN HAMPERED DUE TO LABOR PROBLEMS AND CORROSION OF WATER PUMPS IN CONCENTRATING PLANT AND THAT NEW SPECIALLY MADE PARTS HAVE BEEN ORDERED. THEY ALSO NOTED JUNE 11 PRINCIPAL AND INTEREST PAYMENTS MADE AND THAT ACCOUNTS HAVE ALWAYS BEEN AT SATISFACTORY LEVELS WITH BALANCES TO SPARE. THEY STATE ZINC PRODUCTION IN FINE METRIC TONS AVERAGED 2,104 IN 1974 AND IN 1975 WAS 1,634 IN JANUARY; 1,901 IN FEBRUARY; 2,001 IN MARCH; 1,736 IN APRIL AND 1,944 LIMITED OFFICIAL USE

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PAGE 03 LA PAZ 04407 252204Z

IN MAY. MINA MATILDE HAD \$132,000 NET PROFIT IN 1974. THEY STATE THAT EARNINGS APPEAR SUFFICIENT TO MEET AMORTIZATION PAYMENTS. BANK OF AMERICA MANAGER AGREED TO SEEK POSTPONEMENT JUNE 30 DEADLINE BY EXCHANGE OF LETTERS WHICH PROBABLY WOULD BE PRECEDED BY BANK'S STATEMENT THAT UNLESS GRANTED REQUEST UNDER SECTION 5.6 OF LOAN AGREEMENT WOULD BE MADE. (COMMENT: EMBASSY BELIEVES THIS BEST COURSE IN LIGHT OF LOW PRODUCTION LEVELS AND RUMORS THAT ZINCE PRICE MAY DECLINE. SHOULD BE NOTED, HOWEVER, THAT

PRODUCTION USUALLY PICKS UP IN LAST QUARTER OF YEAR DUE TO BONUS
SYSTEM.)
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MINING INDUSTRY, BANK DATA, MINERAL RESERVES, PRODUCTION DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 25 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LAPAZ04407
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750220-0923
From: LA PAZ
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750618/aaaaapyo.tel
Line Count: 118
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 143424, 75 GURR-WHITING
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 03 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 SEP 2003 by ShawDG>; APPROVED <04 SEP 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MINA MATILDE
TAGS: EINV, EMIN, BL, BANK OF AMERICA, MINA MATILDE, COMBIOL
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006